

**CITY OF EL PASO, TEXAS  
AGENDA ITEM  
DEPARTMENT HEAD'S SUMMARY FORM**

**DEPARTMENT:** Airport

**AGENDA DATE:** May 28, 2013

**CONTACT PERSON NAME AND PHONE NUMBER:** Monica Lombraña , A.A.E. -780-4793

**DISTRICT(S) AFFECTED:** All

**SUBJECT:**

Approve a Resolution establishing a new Air Service Development Incentive Program (Incentive Program) to encourage new nonstop passenger air service and to attract cargo air carriers at El Paso International Airport (EPIA). This resolution also terminates the previously approved airline incentive program.

**BACKGROUND / DISCUSSION:**

EPIA instituted an incentive program effective November 1, 2010 to provide temporary financial relief to a passenger airline in order to stimulate interest in providing new nonstop passenger service to a destination currently not served from EPIA. EPIA now desires to revise the existing incentive program to complement the current objectives of EPIA's air service development.

The objectives of the incentive program are to:

- Encourage new non-stop services by providing temporary financial relief through fee abatements and marketing support
- Remain competitive with other communities that are seeking more air service

Key features of the incentive program are:

- Non-discriminatory
- No impact on fees of incumbent airlines
- Applicable only to new services
- Priority for "Focus Airports"
- All-cargo services also eligible

In addition, incentives are included to help attract cargo air carrier and/or logistics providers that would serve the El Paso/southern New Mexico region by utilizing the airport's cargo complex.

The incentive program was presented at the Special City Council Meeting on April 25, 2013.

**PRIOR COUNCIL ACTION:**

City Council approved a resolution for the current incentive program on October 19, 2010.

**AMOUNT AND SOURCE OF FUNDING:**

N/A

**BOARD / COMMISSION ACTION:**

N/A

\*\*\*\*\*REQUIRED AUTHORIZATION\*\*\*\*\*

**DEPARTMENT HEAD:**

*Mouza Samnata*

(If Department Head Summary Form is initiated by Purchasing, client department should sign also)

*Information copy to appropriate Deputy City Manager*

## RESOLUTION

**WHEREAS**, the City Council of the City of El Paso has determined that offering an incentive to airlines for new non-stop service from El Paso International Airport (Airport) may stimulate business and would therefore be of benefit to the City and its residents, and that a public purpose will be served by increasing service to and from the Airport;

**WHEREAS**, on October 19, 2010, the City of El Paso adopted an incentive which was effective Nov. 1, 2010, and which temporarily waived landing fees for airlines that implemented new, non-stop service to destinations not previously served; and

**WHEREAS**, the City staff has recommended that the incentive approved by the El Paso City Council on October 19, 2010, be revised,

**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF EL PASO:**

THAT the City of El Paso Air Service Development Incentive Program for passenger airlines and for cargo carriers and logistics providers, attached hereto as Exhibit "A", be approved and made effective June 1, 2013; and

THAT the October 19, 2010 City Council resolution adopting an incentive program is no longer in effect.

**ADOPTED** this \_\_\_\_ day of \_\_\_\_\_, 2013.

**CITY OF EL PASO**

ATTEST:

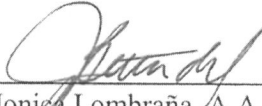
\_\_\_\_\_  
John F. Cook  
Mayor

\_\_\_\_\_  
Richarda Duffy Momsen  
City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
Theresa Cullen  
Deputy City Attorney

**APPROVED AS TO CONTENT:**

  
\_\_\_\_\_  
Monica Lombraña, A.A.E.  
Director of Aviation

# **EL PASO INTERNATIONAL AIRPORT AIR SERVICE DEVELOPMENT INCENTIVE PROGRAM**

## **I. PASSENGER AIR SERVICE**

### **A. Purpose and Overview**

1. The purpose of the Air Service Development Incentive Program (incentive program) is to encourage new non-stop air service and competition at El Paso International Airport (EPIA) by providing temporary financial relief to an airline beginning new non-stop passenger service to a destination currently not served at the time such service is commenced. The incentive program is also an effort to stimulate the growth of airline service to and from EPIA by promoting the establishment of new non-stop routes.
2. All commercial airlines will be made aware of the program, and encouraged to offer new air services.
3. Incentives shall be administered so as not to increase the fees and charges of any non-participating air carrier.
4. Incentives shall be offered on a reasonable, non-discriminatory basis to all airlines. A waiver of any fee shall apply only to the flights providing the qualifying service.
5. The incentive program for passenger air service being offered by the City, including waivers granted by the Director of Aviation, is outlined below.

### **B. Focus Airports**

1. Carrier must provide at least one round trip flight per day, 5 days per week, to new focus airport, and must provide such service year-round. Destination must not have been served with non-stop service **by the carrier** within the previous twelve (12) months.
2. The carrier is not required to be signatory and will pay non-signatory rates; however, if the carrier is signatory, signatory rates will apply.
3. Landing fees: One hundred percent (100%) reduction for the first twelve (12) months of new service.
4. Marketing: Up to \$50,000 in marketing campaign funding for qualifying service.

5. Focus Airports initially include the following, but may be changed from time to time by the Director of Aviation. Focus Airports are based on the top 25 origin and destination markets as well as any international city. Some examples of markets are shown below:

- Washington DC Area (Dulles or Baltimore)
- New York City Area (Newark or JFK)
- Detroit
- Seattle
- Orlando (including Sanford)
- Charlotte
- Toronto
- Mexico City
- Chihuahua

**C. New Destinations other than Focus Airports**

1. Carrier must provide at least one round trip flight per day, 5 days per week, to new destination, and must provide such service year-round. Destination must not have been served with non-stop service **by the carrier** within the previous twelve (12) months.
2. The carrier is not required to be signatory and will pay non-signatory rates; however, if the carrier is signatory, signatory rates will apply.
3. Landing Fees: One hundred percent (100%) reduction for the first six (6) months of the new service.
4. Marketing: Up to \$50,000 in marketing campaign funding for qualifying service.

**D. Less than Daily Service (Not Seasonal) Incentive Service**

1. Carrier must have at least one round trip per day, two (2) days per week for a destination not currently served directly from El Paso.
2. The carrier is not required to be signatory and will pay non-signatory rates; however, if the carrier is signatory, signatory rates will apply.
3. Landing Fees: One hundred percent (100%) reduction for the first six (6) months of the new service.
4. Marketing: Up to \$25,000 in marketing campaign funding for qualifying service.

**E. Seasonal Incentive Service**

1. Carrier must have at least one round trip per day, one (1) day per week, a minimum of eight (8) weeks, and for a destination not currently served directly from El Paso, and destination must not have been served with non-stop service **by the carrier** within the previous twenty four (24) months.
2. The carrier is not required to be signatory and will pay non-signatory rates; however, if the carrier is signatory, signatory rates will apply.
3. Landing Fees: One hundred percent (100%) reduction for the first three (3) months of the new service.
4. Marketing: Up to \$10,000 in marketing campaign funding for qualifying service.

**F. Marketing**

1. All media plans and other marketing plans must have prior written approval by the Director of Aviation in order to qualify for the identified participation.
2. Payment for marketing activities will be sent directly to the media source, not the airline. Payment will be made to the media source following completion of the approved media plan or marketing plan services or goods and receipt of an invoice by the Director of Aviation.
3. Media incentives shall be instituted in such a manner that in addition to promoting new service, airline shall also promote EPIA. At a minimum, the airport logo will be included in any advertisements.

**II. CARGO INCENTIVE**

**A. Purpose and Overview**

The purpose of this incentive is to help attract a new air cargo perishables business that would serve the Southwest region by utilizing the airport's cargo complex.

**B. Landing Fee Reductions**

Reduction of landing fees will apply to carriers establishing a new dedicated international or domestic route for cargo perishables business at EPIA as follows:

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1. One Hundred percent (100%) reduction for the first six (6) months for new service with less than five (5) flights per week.
2. One Hundred percent (100%) reduction for the first twelve (12) months for new service with five (5) or more flights per week.